

to ensure that all American families have access to basic financial services. It is hard to believe that in this age of Internet banking, on-line stock trading and embedded options, millions of American families lack the basic passport to the broader economy—a bank account. But, it is true.

According to the Federal Reserve, more than 8.4 million low- and moderate-income families do not now have access to a checking or savings account at a mainstream financial institution. As a consequence, their financial condition, and ability to fully participate in the nation's current economic prosperity, suffers greatly.

For some time now, I have been concerned that we are seeing the development of a dual financial services structure in this country—one for middle and upper income individuals that involves traditional regulated and insured financial institutions; a second for lower-income households that involves higher cost services from lesser-regulated entities check-cashers, pawn shops and other quasi-financial entities.

A 1998 survey found that among Earned Income Tax Credit Claimants who used volunteer tax preparation services in Chicago, 44 percent used a check cashing service to cash their EITC refund check. Some estimate that low-income families may pay more than \$15,000 in fees over a lifetime for check-cashing and bill-paying services from less-regulated financial institutions, such as check-cashers and payday lenders. This legislation addresses this inequity in the financial marketplace in a positive way that benefits both consumers and banks.

First, the bill permits the Federal Reserve Banks to pay interest on the so-called sterile reserves that banks, thrifts and credit unions are required to maintain in the Federal Reserve Banks as part of the monetary control apparatus of the Federal Reserve Board. The Federal Reserve Board has testified that paying interest on sterile reserves would be a helpful tool in the conduct of monetary policy. Understandably, many in the industry view the combination of required reserves and the inability to receive interest on those reserves as a tax on the industry and support a repeal of the prohibition.

Second, before the Federal Reserve banks can pay interest on sterile reserves, the Federal financial regulators must require that all banks, thrifts and credit unions offer their customers affordable transaction accounts. Under the bill, an affordable transaction account holder would be permitted a minimum of 8 withdrawal transactions or checks per month for a low monthly service fee. Banks could charge a reasonable fee for other additional transactions, but all fees charged for using these accounts would be capped at amount established by the Federal banking and credit union regulators. The bill gives institutions flexibility. With regulatory approval, a financial institution could offer alternative accounts that are as advantageous to consumers as the low-cost transaction accounts.

This legislation is fair to financial institutions. The Office of Management and Budget and the Congressional Budget Office estimate that permitting the Federal Reserve Banks to pay interest on sterile reserves will return to the

banking industry between \$600 million and \$700 million, after taxes, in the first five years. It would only take a portion of those funds—probably in the \$100 million range—to defray the costs to banks of establishing low-cost transaction accounts for the millions of unbanked Americans.

Mainstream financial institutions will benefit in another way. They will find that the low-cost account holders will become good customers. A Federal Reserve study indicates that many low-income families with bank accounts used other bank products, including credit cards, automobile loans, first mortgages and certificates of deposits. This legislation also represents sound economic policy. Research indicates that once "unbanked" families enter the doors of depository institutions as regular account holders, they are likely to become savers and begin to accumulate assets.

Another important provision of the bill preserves state laws that provide more advantageous low-cost accounts for consumers. The bill amends the Bank Enterprise Act of 1991 to provide the same protection for stronger state laws. This last provision resolves an alleged conflict between the Bank Enterprise Act and New Jersey's Consumer Checking Account Act, which requires financial institutions to offer low-cost accounts similar to the bill's low-cost transaction accounts. In 1992, the Comptroller of the Currency opined that national banks did not need to comply with the New Jersey statute because the Bank Enterprise Act, as clearly indicated in the report on the bill, preempted that state statute. In 1996, the New Jersey Department of Banking asked the Comptroller to reconsider that opinion. That request is still under consideration. Although Congress did not intend to preempt state law when it adopted the Bank Enterprise Act, this bill effectively resolves the preemption question in favor of the New Jersey statute.

This legislation will work. For a successful example, you can look to my home state of New York, where we do a lot of banking. Since 1994, the State of New York has been requiring all financial institutions within its borders to offer low-cost basic banking accounts to consumers. New York financial institutions are complying with the law to the benefit of all involved.

Mr. Speaker, I urge my colleagues to follow the example of New York and New Jersey and adopt the Banking Equal Treatment Act, so that the millions of American families who have been left out of the financial mainstream will have an opportunity to receive basic financial services at a reasonable cost.

HONORING NADINE MILFORD

HON. HEATHER WILSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 11, 2000

Mrs. WILSON. Mr. Speaker, today I would like to bring to your attention a woman who exemplifies the courage and love of a mother, even under circumstances that no parent should ever have to face. Nadine Milford has become a symbol of motherhood in my District, and throughout the state of New Mexico.

Today, I would like to join American Mothers, Inc. in honoring Nadine as Mother's day approaches.

On Christmas Eve, 1992, Nadine's daughter, Melanie, and her three granddaughters, Kandyce, Kacee, and Erin, were hit and killed by a drunk driver in one of New Mexico's worst DWI accidents. Only Nadine's son-in-law, Paul Cravens, survived the wreck. This compelled her to dedicate her life to others. She has become a supporter and a comforter to the families of DWI victims, sometimes driving hundreds of miles to comfort a grieving mother.

Nadine is powerful and courageous. She lives life with a commitment to herself and to others to make this world better, gaining strength and balance from her deep faith. She remains dedicated, even through the most trying times, and will take her message as far as it will reach. Complimenting her dedication is her patience. Her son, Lance, has said of her, "Mom's persistence has moved mountains one grain of sand at a time."

Mr. Speaker, we know that laws are difficult to change, and our legislative system works slowly. More so, it takes a desire to be involved, whether you're a legislator or a caring mother who has experienced the effects of a nationwide problem—DWI—on the most personal of levels. Since that fateful holiday night so many years ago, Nadine has become New Mexico's most active and visible DWI lobbyist and activist. And she has been a significant factor in historic DWI reform throughout the years in New Mexico.

Nadine's personal philosophy has earned her respect from state legislators and friends alike: "Persistence wears resistance." In a world of chaos and unjustifiable tragedies, Nadine found the courage to forgive and to help. Today we gather to honor her mind and her will to make change as well as her courage, her strength, her commitment, and her involvement in our community. She encompasses what it is to be a woman and a mother: She is reverent, strong, caring, and willing to fight for a better world.

Mr. Speaker, I pray that no mother will ever have to face what Nadine Milford has faced. But for those who do, I pray that they will have the strength and character that Nadine Milford has.

IN HONOR OF THE PANASONIC-
SPONSORED KID WITNESS NEWS
PROGRAM AND THIS YEAR'S
"NEW VISION" AWARD WINNERS

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 11, 2000

Mr. MENENDEZ. Mr. Speaker, today I honor the Panasonic-sponsored Kid Witness News program (KWN) and this year's "New Vision" award winners.

KWN began 17 years ago in Weehawken, New Jersey. Panasonic adopted the program in 1990, and has expanded it to include more than 200 schools in 117 cities across the nation. This is KWN's 10th anniversary with Panasonic.